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November 14, 2023

COMPTROLLER'S MEMORANDUM NO. 2023-22

TO: Heads of Departments and Agencies

ATTN: Administrative and Fiscal Offices

FROM: Keith A. Regan, Comptroller 

SUBJECT: Clarification of Incremental Borrowing Rate for FY2023 and FY2024

This memorandum supersedes Comptroller's Memorandum No. 2022-15.

GASB 87-Leases took effect and was adopted in Fiscal Year 2022 (FY2022). The State established an incremental borrowing rate (IBR) for the adoption of GASB 87 as reflected in Comptroller's Memorandum No. 2022-07. Beginning with FY2023, the IBR for new leases, or modifications/remeasurements of existing leases, will be based upon the specific term of the lease itself.

As of July 1, 2022, and for the period through June 30, 2023, the following borrowing rates should be referenced to identify the IBR that corresponds with the lease term evaluated.

Period	Borrowing Rate
3-year	3.855%
5-year	3.926%
10-year	4.227%
20-year	4.570%

In FY2023, the State adopted GASB 96-Subscription Based Information Technology Arrangement (SBITA). Comptroller's Memorandum No. 2023-20 provides the IBR for SBITAs in FY2023. Consistent with the treatment of GASB 87-Leases, beginning with FY2024, the IBR for new SBITAs, or modifications/remeasurements of existing SBITAs, will be based upon the specific term of the SBITA itself.

As of July 1, 2023, and for the period through June 30, 2024, the following borrowing rates should be referenced to identify the IBR that corresponds with the lease term or SBITA term evaluated.

Period	Borrowing Rate
3-year	5.350%
5-year	5.117%
10-year	4.994%
20-year	5.254%

The borrowing rates for each fiscal year will be published for reference going forward.

If you have any questions, please contact Ron Shiigi, Audit Division Administrator, at 586-0360 or e-mail at ronald.t.shiigi@hawaii.gov.